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SUMMARY RECORD OF THE 2nd MEETING

Held at the Vienna International Centre, Vienna,
on Thursday, 21 November 1996, at 10 a.m.

President: Mr. Seung Kon LEE (Republic of Korea)

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The meeting was called to order at 10.30 a.m.

ORGANIZATIONAL MATTERS

1. **The PRESIDENT** said that the Bureau recommended the establishment of informal consultations to facilitate the drafting of decisions on agenda items 3 to 16. The Bureau also recommended that Mr. Posta (Hungary), Vice-President of the Board, should chair the consultations.

2. *The above recommendations were adopted.*

3. **The PRESIDENT** said that a request had been received for the presentation of the staff's views. If he heard no objection, he would give the floor to the staff representative as early as possible during the consideration of agenda item 4 "Implementation of the reform".

ANNUAL REPORT OF THE DIRECTOR-GENERAL ON THE ACTIVITIES OF THE ORGANIZATION IN 1995, INCLUDING PROGRESS REPORT ON SPECIFIC ACTIVITIES (*continued*) (IDB.16/10 and Add.1 and 2 and corrigendum, IDB.16/26)

IMPLEMENTATION OF THE REFORM (*continued*) (IDB.16/18)

4. **Mr. SOKOLOV** (Russian Federation) said that his country considered UNIDO to be the principal coordinating body in the United Nations system for promoting the progress of the developing countries and that of the economies in transition towards a market-oriented economy. The Organization's role and future would depend greatly on the impact of its activities and on improving its competitiveness compared with other international organizations in the areas covered by its mandate.

5. On the whole, the reforms introduced to help overcome the financial and structural crisis brought about by the withdrawal of the United States of America were proving successful. UNIDO was gradually returning to normal within a reduced organizational structure, with its mandate and priorities identified more clearly and its programmes more sharply focused. Its role and profile had been enhanced to such an extent that in some respects it could now be regarded as a model for the efforts to reform the social and economic sector of the whole United Nations system. The reform was beginning to yield tangible results. A period of stability was now required so that the mechanisms which had been introduced could become fully effective.

6. With regard to the important area of strengthening cooperation with the private sector, he welcomed the establishment of the International Business Advisory Council (IBAC) as an effective means of enabling the Organization to keep in touch with business concerns in various countries and to react quickly to the private sector's changing needs. It was important that the private sector was being involved more often in UNIDO programme and project implementation. The new developments testified to UNIDO's growing competitiveness and were conducive to the development of better focused, high-quality specialized services.

7. His delegation also welcomed the Alliance for Africa's Industrialization, and was encouraged by the Secretariat's innovative initiatives for revitalizing economic and technical cooperation among developing countries. An element of mutually beneficial cooperation with the economies in transition could be introduced in that connection, in particular with regard to technology transfer.

8. Other encouraging aspects of the reforms were the Director-General's efforts to coordinate activities between UNIDO and other agencies, notably UNCTAD and UNESCO, with a view to avoiding the duplication of activities, the improved quality of pre-session documents and their prompt circulation to Member States, the improved format and content of UNIDO's information publications, and the increased efficiency of its public relations work.

9. He welcomed the steps taken in the field of personnel management aimed at achieving greater transparency through consultations between the Director-General and Member States, and the efforts made to strengthen cooperation between Personnel Services and the various divisions of UNIDO. It was to be hoped that the management of Personnel Services, having already shown its susceptibility to innovation, would consider favourably the recommendations on establishing a maximum term of work in the Secretariat and on external recruitment, since they offered the best means of bringing in fresh blood and ensuring the level of professionalism and expertise that UNIDO currently required. Moreover, this would mean a reduction in costs for retraining staff.

10. Those encouraging factors did not mean that UNIDO had overnight become a model organization. All the carefully developed instructions, policy statements and good intentions still had to be translated into deeds. Administration and implementation were weak and there was some inertia on the part of the staff. Coordination between divisions was sometimes lacking. The Secretariat should work closely with Member States to improve the situation.

11. Turning to the Annual Report, he reiterated his country's concern that UNIDO should expand its work in the economies in transition in such fields as the attraction of foreign investment, support for regional industrial development, the promotion of the restructuring of industrial enterprises, the establishment of environmentally safe enterprises and the development of small- and medium-scale undertakings. He hoped that all those aspects would be considered thoroughly by the Joint Russia-UNIDO Committee at its meeting following the Board's current session.

12. Finally, Russia would like to be involved in the project to establish an international centre for hydrogen energy technologies and was willing to begin discussions with UNIDO and Turkey on that matter. Russia would be able to contribute considerable information and support to the centre on the basis of its scientific infrastructure and the work already carried out in the relevant area in the context of national fuel and energy policy.

13. **Mr. LI Changhe** (China) said that after dealing with the major choices and severe challenges with which it had been confronted, and establishing seven thematic priorities in the light of its comparative advantages, UNIDO had emerged in 1996 as a leaner and more efficient organization. In the process, it had not only raised its own profile, but had also set an example for other bodies within the United Nations system. His Government believed that the reformed UNIDO could successfully accomplish its important mission of providing comprehensive yet specialized services to Governments, agencies and enterprises as the demand for industrial development and economic revitalization increased.

14. Turning to the Annual Report, he welcomed the fact that the document had been drafted in a more concise and better focused format which fully met the concerns expressed by Member States and reflected the spirit of the reforms taking place at UNIDO. In the important area of technical cooperation, his delegation welcomed the 7 per cent increase in programme delivery over the previous year, reversing the declining trend which had existed since 1990. The achievement was highly commendable given the severe shortfalls in resources.

15. Although the budget for the 1996-1997 biennium had been reformulated, the major shortfalls resulting from arrears in Member States' contributions remained and programme delivery for 1996 would be lower than in 1995. His delegation supported the measures UNIDO had taken to promote timely payment of assessed contributions. He called on all Member States promptly to fulfil their financial obligations. For its part, China had always fulfilled its pledges and would continue to do so in the future.

16. Sustainable development had become an issue of world-wide concern, as demonstrated by the fact that over 30 countries and international bodies, including UNIDO, had participated in the Second Round-table Conference on Agenda 21 held in Beijing recently. Over the past year, UNIDO and the Chinese Government had conducted a series of fund-raising activities in support of China's 16 jointly formulated projects related to Agenda 21. His delegation was grateful to UNIDO for those efforts, and hoped that it would urge the developed countries to provide new and additional resources for the developing countries and to transfer technology for environmental protection under preferential terms.

17. Earlier in the year, UNIDO and the Chinese Government had established an IPS office in Beijing, and a network of branches had subsequently been opened throughout the country. His delegation considered that the promotion of industrial investment offered one of the most positive means of assisting a country's effective integration into the global industrialization process. Since the area was also one in which UNIDO enjoyed a competitive edge, his Government would continue to do its utmost to support the activities of the Beijing office, while trusting that UNIDO would continue to seek improvement in the quality and efficiency of its investment promotion activities. As a further example of their cooperation, his Government and the relevant departments of UNIDO were currently preparing a major international symposium to be held in 1997 to promote economic development in the poverty-stricken regions along the Beijing-Kowloon railway line.

18. Turning to personnel matters, he said that the additional staff cuts implemented up to the end of August 1996, the successful completion of the separation programme and the adoption of a new performance evaluation system aimed at improving efficiency and managerial skills had not only effectively improved UNIDO's image, but also constituted a solid foundation for its future development. At the same time, his delegation wished to reiterate that as an international organization having over 160 Member States, UNIDO should fully respect the principle of fair geographical distribution in its personnel structure and recruitment.

19. **Mr. POSTA** (Hungary), after associating his delegation with the statement made at the previous meeting on behalf of the European Union and associated States, said that the 1995 Annual Report well reflected the Organization's overall achievements and increased importance. The quality of the document's format had improved considerably: it was more transparent, easier to read and avoided duplication of items, while also

concentrating on the achievements of UNIDO in terms of its increased efficiency.

20. Among the achievements described in the report, he wished to highlight the importance of the technical cooperation, neutral advice and specialized support that UNIDO provided for economies in transition. In that regard, UNIDO trust fund support for regional development, industrialization and the transfer of know-how had considerably strengthened Hungary's capacity to function as a free market economy and the development of its backward regions. He thanked UNIDO for its help and also the industrialized countries which had acted as trust fund donors. He hoped that their efforts would improve the prospects for further East-West industrial cooperation in the specific area of regional/subregional technology transfer.

21. Turning to agenda item 4, he said that Hungary had long regarded the reform of UNIDO as a useful pilot exercise for reform in the United Nations system. Accordingly, his delegation was pleased to note the Director-General's announcement in document IDB.16/18 that the reform agenda had been virtually completed.

22. Despite the financial constraints forcing it to concentrate on measures that resulted in expenditure reduction, the Organization had redefined its key objectives and programmes on the basis of the seven priorities in such a way that it now had a programmatic framework which enabled it to say "no" in some cases but gave it sufficient flexibility to adapt to the ever-changing needs of its clients.

23. His delegation also welcomed the fact that after some delay the Secretariat had redesigned the mechanisms for delivering its services, and looked forward to studying the Director-General's bulletin specifying areas of responsibility in the crucial area of programme and project implementation. It also hoped that the text would be equally clear on the issue of delegating authority to responsible persons or teams. His delegation expected the Organization to take full advantage of the absence of bureaucratic rules that could slow down the delivery of its services.

24. The decentralization measures described in document IDB.16/18, although limited, represented one of the reform's major achievements. His delegation hoped that the test period would not be so long as to endanger the entire concept.

25. His delegation welcomed the establishment of IBAC and the national industrial business councils (NIBCs), and hoped that it would prove possible to secure the active participation of industrialists from countries in transition. Hungary looked forward to receiving information from the Organization on the early results of the experience with NIBCs, so that it would be able to take the best course of action when its turn came.

26. Finally, he reiterated his country's satisfaction with the UNIDO reform. The Organization had become smaller and more flexible, and the restructuring had had a positive impact on its management style and, it was to be hoped, the efficiency of its decision-making.

27. The reform should be regarded as the beginning of a process characterized by permanent efforts to adjust the Organization's activity to the changing economic circumstances of its Member States. Only when that was achieved would it be completely successful.

28. **Mr. SURYOKUSUMO** (Indonesia) commended the Director-General on the improved form and content of the Annual Report and on his and the Organization's continuing efforts to implement and conclude the reform process.

29. It was important to recognize that reform was not merely an administrative or managerial issue, but a matter of increasing the effectiveness with which UNIDO fulfilled its overall role in development. His delegation therefore noted with satisfaction the Director-General's efforts to prioritize the Organization's programmes, and recommended that UNIDO should continuously evaluate its organizational performance as a means of convincing the Member States regarding its improved effectiveness and efficiency.

30. His delegation also noted with appreciation the measures to revise project cycle management and related procedures with a view to ensuring increased efficiency and full alignment with the new thematic priorities.

31. His delegation shared the view that the private sector now had an enhanced role as the main agent of industrial development. There should therefore be more direct interaction between the private sector and UNIDO. The establishment of IBAC and the Director-General's description of private-sector involvement in a number of technical cooperation projects aimed at broadening the range of UNIDO counterparts and fostering direct interaction with industry and industrial associations were welcome developments.

32. Indonesia shared the view that regional and interregional groups now played a considerably enhanced role in sustaining regional economic growth and creating a conducive business environment. As a member of the Association of South-East Asian Nations (ASEAN), it was convinced that the establishment of the ASEAN Free Trade Area (AFTA) by the year 2003 would have

a beneficial impact on the industrialization process in that region. It therefore welcomed UNIDO's continued support for ECDC/TCDC programmes which offered support for regional and interregional groupings in cooperation with the Group of 77 and the Group of Fifteen.

33. In conclusion, he said that although the reforms introduced over the past three years were almost complete, the Organization should continue to monitor their functioning and impact.

34. **Mr. WORONIECKI** (Poland) expressed appreciation for the documentation submitted and said he wished to highlight the report of the External Auditor (IDB.16/2), and in particular its comments on the paramount problem of assessing UNIDO's efficiency and effectiveness, especially in respect of its technical cooperation activities. His delegation believed that the recommendations of that report should be studied further in conjunction with the conclusions from the present discussions, and appropriate action taken.

35. Since the Board's fifteenth session, intersessional meetings had allowed a productive dialogue between Member States and the Secretariat on a number of important issues. His delegation wished such substantive dialogue to be continued in the future, and also considered that the informal preparatory meetings for the sessions of the PBC and the Board had also proved their usefulness as innovative instruments for consultations and exchanges of views.

36. UNIDO's reform remained on the right track. At the same time, the Board was faced with an abundance of detailed information supplied by the Director-General on changes in procedures. That was presumably intended for information only, as Member States were not supposed to intervene in the management of the Organization at the "micro" level.

37. His delegation, like others, considered that effective reform was a process rather than a single event, and therefore welcomed the ongoing work to sharpen UNIDO's focus, both in thematic and sectoral terms. UNIDO'S role as a forerunner of reform within the United Nations system should not give rise to complacency and did not release UNIDO from the obligation of improving its interaction with other organizations active in the field of development support. In that connection, new arrangements on field representation between UNIDO and UNDP deserved more attention.

38. On the other hand, quasi-permanent reform involved certain dangers, and care should be taken to achieve a certain level of stability, particularly in the area of personnel policy. In that regard, the overhaul of personnel policy described in paragraphs 58 and 59 of document IDB.16/18, augmented by the decentralization of certain tasks within the project cycle, the clear definition of responsibilities, authority and accountability of staff in different units and the simplification of procedures avoiding undue proliferation of instructions should all prove conducive to improved staff morale.

39. Poland supported the efforts to secure increased private-sector involvement in UNIDO activities, such as the establishment of IBAC, which it hoped would lead to enhanced opportunities for its increasingly privatized industries to cooperate both with and through UNIDO.

40. The Organization's investment promotion programme, an area in which it enjoyed a clear competitive advantage, was unquestionably one of its high-priority activities. At the same time, his delegation was pleased to see from *Industrial Development Global Report 1996* that global investment flows were perceived in the right perspective. Domestic private investment was the most important source of investment in developing countries and countries in transition. The efforts of UNIDO to promote investment inflows, focusing on countries and regions that benefited less than others from global investment technology flows, could substantially facilitate global industrial integration.

41. Poland noted with satisfaction that, in line with the reform process and the new management principles, new procedures and administrative guidelines had been developed to simplify the administration of and give greater autonomy and flexibility to the IPS offices. It intended to enter into an agreement with UNIDO regarding its IPS office, which had been established in 1983. The office had also recently hosted the First Economic Forum for Poland and South-East Asia. A network of UNIDO offices had been established with the aim of promoting the ideas of the Forum and finding potential partners for cooperation with Polish companies.

42. In conclusion, he associated his delegation with what had been said concerning a possible scheme for ensuring the timely payment of assessed contributions, and also changes in the financial regulations. UNIDO's financial situation was still precarious and Poland, which fulfilled its obligations to the Organization in full and on time, urged those countries in arrears to improve their payment pattern. The Organization's future depended on the actions, rather than mere expressions of support, of its Members. Such support was a key precondition for enabling UNIDO to fulfil its mandate.

43. **Mr. SHAH** (Pakistan), after welcoming Kazakstan as a member of the Organization, said that the Board's current session provided an opportunity to

take stock of the almost completed reform process and to offer proposals on the optimum use of UNIDO's resources and on increasing its organizational effectiveness.

44. Despite the thematic and sectoral priorities which had been established, his delegation still considered that there was further scope for making UNIDO more demand-driven and competitive compared with other international organizations having similar roles.

45. One area which could be given higher priority was the Organization's human resource development programme. The improvement of industrial and technological management and skills was essential to the industrialization of developing countries and economies in transition, and should be integrated with the Organization's projects.

46. Pakistan regarded UNIDO as a partnership between the developed and developing countries, established in the larger interest of global socio-economic progress. Economic and technical cooperation among developing countries was becoming more important at a time when some big donors seemed to be wavering. Although the more successful developing countries were not rich, their resources, expertise and experience could be used for the benefit of other Member States. In that context, he welcomed the proposed establishment of an international centre for hydrogen energy technologies in Istanbul.

47. He welcomed the establishment of IBAC, and UNIDO's overall recognition of the fact that the private sector was gradually moving into areas traditionally occupied by the public sector, particularly in the developing countries, which recognized the challenge posed by the creation of new trading systems and the opportunities they offered. However, since not all countries had attained levels of industrialization which would enable them to compete with the developed market economies or to benefit equally from such opportunities, the aim of UNIDO's industrial promotion programme should be to help those at lower levels to achieve competitiveness.

48. Turning to UNIDO's financial problems, he said that it was in the individual and collective interests of Member States for all outstanding contributions to be paid without further delay. He appealed to States to clear their outstanding debts and pay their assessed contributions in time. Pakistan supported the efforts of the open-ended discussion group on that issue, and hoped that it would continue its work in the coming year.

49. With regard to personnel matters, his delegation considered that the functions of the posts described as "Managing Director" were extremely important and essentially the same as those performed by deputy directors-general in the past. That being so, they should be subject to the same articles of the Constitution. Although document IDB.16/18 stated that due regard was paid by the Director-General to the importance of recruiting staff on a wide and equitable geographical basis, that principle had not been observed in the appointment of Managing Directors. The imbalance should be corrected as soon as possible.

50. Pakistan, which had always supported the concept of regional cooperation, welcomed UNIDO's efforts to promote industrial development within the framework of regional or subregional programmes. The areas requiring particular attention were energy generation, the integration of women into the industrial sector, promotion of private investment, environmental conservation, the development of small- and medium-scale industries and technology transfer.

51. His delegation hoped that UNIDO would try to address the issues raised in connection with the precarious economic conditions in Africa by the representative of Sudan in his statement on behalf of the African Group. Pakistan was willing to share its technical expertise in various fields of industrialization within the framework of ECDC/TCDC.

52. **Ms. AGGREY-ORLEANS** (Ghana) said that her Government appreciated the fruitful cooperation which it enjoyed with UNIDO and the assistance which it had received in recent years. In particular, the investment promotion forum held in Ghana in 1995, in collaboration with UNIDO's Investment and Technology Promotion Division and the European Union's Centre for the Development of Industry, had proved highly successful and had contributed in no small measure to the country's efforts in promoting investments and accelerating its industrial development. Her Government was confident that other ongoing and newly approved projects would be equally beneficial to Ghana's development process.

53. The global economic environment had undergone tremendous changes in the last few years, including the liberalization and integration of world trade, the growing trend towards multilateralism and the emphasis on the private sector as the engine of growth. Those developments constituted a major opportunity for the industrialization of the developing countries, which hoped to take advantage of the current economic environment with the assistance and cooperation of UNIDO and the developed countries. Failure to seize such an opportunity would result in further widening of the gap between the industrialized States and the developing world. That opportunity, however, was accompanied by fresh challenges posed by the

emergence of new technologies and the increasing use of telecommunications in the industrial process. Environmental concerns and the search for sustainable industrial development had set new standards for industrial production, which could place further limitations on the accessibility of global markets to the developing countries.

54. While the developing countries as a group had recorded the highest rate of industrial growth in 1995 with a combined manufacturing value added (MVA) accounting for 20 per cent of the world's total, her delegation noted with concern the disparity in those countries' levels of industrial growth. The most disturbing situation was that of sub-Saharan Africa, where two thirds of the world's LDCs were located and whose share in world MVA had dropped significantly over the past 20 years. As the region's Governments strove to achieve adequate industrial growth, they required assistance from the international community in overcoming impediments such as poor infrastructure, insufficient skilled resources, small and inefficient markets, and lack of access to global markets.

55. In the face of the changing industrial environment, UNIDO's response needed to be both timely and focused. The Organization should seek to provide assistance in the design of an appropriate policy framework and capacity-building to enable the developing countries to sustain their industrial growth and expand their share of industrial output. Her delegation therefore welcomed the prioritization of UNIDO's services on the basis of current and future needs and the support requirements of the developing countries and economies in transition. UNIDO's three-pronged focus of its work programme on geographical, sectoral and thematic lines should enable it to effectively address the key challenges of industrial development.

56. Her delegation also commended the Secretariat on the successful implementation of the reform of UNIDO's managerial and administrative processes and on the introduction of a streamlined organizational structure, which had reduced operational costs considerably. It was confident that those measures would enable UNIDO to fulfil its role as a provider of specialized, integrated services to Governments and private sector groups and its function as a global forum for industrial development issues.

57. The reforms needed to be closely monitored so that revisions and adjustments could be made when necessary. UNIDO also had to strive to maintain contact with relevant organizations within the United Nations system in order to ensure complementarity and coordination of programmes for the benefit of Member States.

58. Her delegation had noted the new distinction between UNIDO's global forum function and technical cooperation function. The four areas selected for exploration and further study, i.e., the UNIDO seal of accreditation, the industrial development index, the establishment of industry-related science and technology parks and the elaboration of performance norms and benchmarks for industrial processes, were important initiatives which could greatly facilitate the industrial development processes of many countries.

59. Finally, she wished to commend the Secretariat's role in assisting each developing region, particularly Africa, in meeting some of the challenges involved in its industrialization, and to mention the twelfth meeting of the Conference of African Ministers of Industry (CAMI), held in Botswana in 1995, and the Alliance for Africa's Industrialization, recently launched in Côte d'Ivoire. Ghana would host the thirteenth meeting of CAMI in May 1997 under the theme of "Africa's industrialization and the twenty-first century". It hoped that the second All-Africa Private Sector Forum and the meeting of the Intergovernmental Committee of Experts of the Whole on Industrialization in Africa preceding the CAMI Meeting would make an important contribution to the latter's work, and that the CAMI meeting would map out appropriate strategies for the acceleration of Africa's sustainable industrial development.

60. **Mr. AHMADI** (Islamic Republic of Iran) said that the Director-General's report contained in document IDB.16/18 indicated that UNIDO had virtually completed its reform agenda. However, in the light of Board decision IDB.15/Dec.2 and the guidelines set out in different documents prepared by the Secretariat over the past three years concerning the reform process, he wished to express his delegation's views on the implementation of specific aspects of the reform. To ensure that UNIDO's new management principles were put into practice on the basis of staff empowerment and accountability, result- and action-oriented management, streamlined administrative procedures, reduced spending on unnecessary bureaucratic activities, and facilitated support for programme and project approval, his delegation expected the Organization to improve the balance between the resources allocated to substantive programmes and those allocated to administrative activities, and wished to request the Director-General to expedite the establishment of high-quality programme monitoring and evaluation systems and efficient planning and budgeting mechanisms.

61. Concerning the involvement of the private sector in UNIDO's activities, his delegation had noted with satisfaction the relevant chapters of the Director-General's reports (IDB.16/10 and IDB.16/18), particularly regarding the establishment of national

industrial business councils in some countries. His delegation would like the NIBCs to be extended to more developing countries, including those without UNIDO country offices, such as his own.

62. On the subject of ECDC/TCDC, his Government welcomed the aim to move away from traditional approaches with limited impact and to direct ECDC/TCDC activities towards the development of strategic initiatives with high impact on a large number of developing countries, the formulation of specific programmes in response to the special needs of developing countries, and the provision of support to regional and interregional groupings, such as the Economic Cooperation Organization, in the form of co-sponsoring of technical and economic cooperation programmes on a cost-sharing basis.

63. With regard to UNIDO's Human Resource Development (HRD) programme, as outlined in chapter III of document IDB.16/10, his delegation noted that the HRD concept had finally emerged from its traditional framework and was undergoing reform. The Organization was endeavouring to link the supply elements of training, education and skills planning with the demand elements of demographic patterns, employment and labour market trends, in order to establish a demand-oriented, integrated HRD programme. His delegation believed that, without a reasonable level of skilled human resources in developing countries, the transfer of new technologies could not take place effectively. It therefore looked forward to the results of the Organization's implementation of the new programmatic approach, including the Human Resources Diagnosis and Reorientation Map (HRD-ROM) and the recently introduced Graduate Resource Integration Programme (GRIP), a presentation on which had recently been organized in his country for relevant institutions and concerned parties.

64. On the question of the appointment of new Managing Directors, his delegation was concerned at the failure by the Director-General to implement Board decision IDB.13/Dec.2, which urged him to conduct more consultations with Member States and representatives of regional groups to obtain their views on such appointments. In his delegation's view, no such consultations had taken place at the informative meeting held in that connection in October. Both decision IDB.13/Dec.2 and General Assembly resolution 42/220 stipulated that the principle of equitable geographical distribution should be applied in the recruitment of staff, and General Assembly resolution 42/220 also referred to the principle of rotation in the upper echelons of the Secretariat. Before its restructuring in 1993, UNIDO had had a clear mechanism for the distribution of posts in its upper echelons. However, following the abolition of the posts of Deputy Director-General, that mechanism had not been reviewed, and many developing countries felt the situation currently existing should be remedied. His delegation therefore wished to request the inclusion on the provisional agenda of the next sessions of the Board and General Conference of an item entitled "Geographical distribution of the posts of Managing Director".

65. **Mr. H.-J. LEE** (Republic of Korea) said that, now that the downsizing process initiated following the adoption of the Yaoundé Declaration in 1993 had been completed, the revitalized UNIDO should give priority to its services for developing countries and economies in transition, and in particular the LDCs, aimed at meeting their current and future needs on the basis of careful prior analysis of their situation.

66. With regard to the implementation of the UNIDO reform (IDB.16/18), his delegation wished to commend in particular the Secretariat's efforts to harmonize procedures and to simplify accounting procedures for UCD and IPS offices. Decentralization was the trend in all intergovernmental organizations, and UNIDO should follow that trend through the strengthening of its IPS and UCD networks. His delegation appreciated UNIDO's plans to reorient the field representation programme towards coverage on a subregional basis in view of the limited funding expected to be available in 1998. It hoped that the Secretariat would develop a specific proposal for country coverage and location of subregional field offices.

67. UNIDO's future depended on its staff, and the Secretariat should find appropriate ways to promote the morale and quality of the reduced staff. His delegation welcomed the overhaul of personnel reform procedures, with particular attention to recruitment, accountability, staff rewards and career development. Measures should also be studied with a view to further enhancing the expertise of staff members in order to effectively meet the changing needs of developing countries.

68. Given the essential role of the private sector in the process of today's globalized economy, his delegation supported the strengthening of interaction between UNIDO and the private sector. Also, the Organization's diversified partners could contribute to lessening its financial difficulties. In that connection, his delegation appreciated the recent initiative of establishing an International Business Advisory Council.

69. However, ECDC/TCDC could not be overemphasized, bearing in mind its important continuing role in such fields as investment promotion, technology transfer and human resource development.

The Republic of Korea would continue to participate actively in the ECDC/TCDC programme and hoped that the Secretariat would endeavour to sharpen its focus in those areas where UNIDO possessed superior expertise in comparison with other agencies of the United Nations system.

70. As part of its support for UNIDO's reform and activities, his Government would make a contribution of $250,000 to the Industrial Development Fund for 1997, including $100,000 for the Seoul Investment Promotion Service office programme.

71. **Mr. HOBEICA** (Lebanon), referring to the Annual Report of UNIDO for 1995 (IDB.16/10), said that his delegation agreed that most developing countries and countries in transition continued to face severe challenges with regard to their industrialization, taking into account competitive pressures and technological changes that threatened to widen the gap between the developed and developing countries. That called for an increase in international assistance. The integrated, specialized services that UNIDO could provide to Governments and industry in the developing countries would be extremely useful. The UNIDO reform process, including the defining of new priorities and the re-engineering of managerial and administrative processes, would improve the Organization's effectiveness and enable it to respond more efficiently and quickly to the needs of Member States.

72. In the implementation of the reform of the Organization, administrative decentralization of project implementation was a very important aspect, and his delegation supported the approach involving the delegation of decision-making to UNIDO field offices following their establishment as better staffed subregional offices. His delegation was of the view that the involvement of the private sector in UNIDO's activities was an essential element of the reform process, and had noted the information contained in document IDB.16/18 on the key role played by the private sector in the implementation of technical cooperation programmes. Lebanon appreciated UNIDO's efforts to increase ECDC/TCDC and wished to encourage its further endeavours to that end.

73. Turning to personnel issues, his delegation wished to reassert the importance of recruiting staff on a wide and equitable geographical basis. Some countries, including Lebanon, were underrepresented, and he hoped that that imbalance would be rectified in the future.

74. **Mr. KARINGE GITHINJI** (Kenya) said that his Government attached great importance to industrialization as a means of accelerating countries' economic development with the overall aim of alleviating poverty and enhancing the living standards of their peoples. It aimed to transfer Kenya into a fully industrialized country by the year 2020 and believed that UNIDO could make a significant contribution to the realization of that goal. His delegation therefore hoped that the decisions and resolutions to be adopted by the Board would further strengthen the Organization's capacity to assist the developing countries in their industrialization process.

75. In order to effectively discharge its mandate, UNIDO had to be given predictable budgetary provisions. While his delegation would have wished to see an increment in those provisions, it recognized the difficulties faced by most Member States in their national budgets, and was therefore willing to agree to the zero real growth proposal for the 1998-1999 budget. That proposal had not, however, received the support of all members of the Programme and Budget Committee, and his delegation shared the views expressed by the representatives of Nigeria, on behalf of the African Group, India and the Latin American and Caribbean Group (GRULAC).

76. His delegation had noted with concern that UNIDO's overall financial situation could have severe implications on its delivery capacity, particularly in the area of technical cooperation. Pending the final recommendations of the intersessional, open-ended discussion group on applicable measures to expedite timely payments of assessed contributions, his delegation wished to urge Member States in arrears to make every effort to meet their financial obligations, and appreciated the assurance given by the delegation of the United States of America at the last PBC session of its country's intention to fully honour its financial commitments.

77. With regard to the Industrial Development Fund (IDF), his delegation wished to express its gratitude to Member States which had made valuable contributions to the Fund and to call upon others in a position to make donations to do so. UNIDO for its part should explore other sources of financing in order to augment the Fund.

78. Turning to the Annual Report for 1995, Kenya was dismayed to observe that MVA for Africa had continued to deteriorate. In his delegation's view, UNIDO should continue to focus its technical cooperation services for Africa and the LDCs by engaging in high-impact projects and programmes, particularly in the area of human resource development.

79. Concerning the implementation of the UNIDO reform, his delegation appreciated the efforts of the Director-General to date. The Organization should be encouraged to continue the reform with a view to

making better use of resources in order to achieve greater efficiency, accountability and transparency.

80. With regard to the involvement of the private sector in UNIDO's activities, his delegation hoped that the business council initiative would include Africa, in order to mobilize more investment resources for the continent's industrialization.

81. Kenya welcomed UNIDO's proposed inputs in ECDC/TCDC and, in particular, the South-South Conference on Trade, Investment and Finance due to take place in Costa Rica in 1997.

82. While the industrialization of Africa was one of UNIDO's seven thematic priorities, the overall performance of the IDDA programme was well below expectations. His delegation hoped that the recent launching of the Alliance for Africa's Industrialization as a dynamic mechanism for the attainment of the goals and objectives of the Second IDDA would yield tangible results. For that to be achieved, however, an innovative and pragmatic approach to the management and financing of the Alliance would have to be devised.

83. Concerning industrial investment promotion, his delegation supported the proposed framework for further expansion of the IPS network, especially with regard to the involvement of Governments and civil society, as outlined in document IDB.16/11.

84. His delegation saw field representation as a useful catalyst in the extension of UNIDO's services to host countries. The difficulties affecting field representation were compounded by the progressively decreasing sector support funding from UNDP in anticipation of the termination of such funding at the end of 1997. Kenya supported the approach proposed in that connection by the Director-General in his report.

85. **Mr. BAJOWA** (Nigeria) said that his delegation had taken note of the information on the financial situation of the Organization contained in document IDB.16/7. Nigeria had always maintained that UNIDO required a strong financial base in order to be able to perform, and it therefore appealed to all Members to honour their financial obligations. His Government had paid its assessed contribution in full for 1996.

86. The past year had witnessed significant changes in the life of the Organization as well as in the world, affecting primarily the developing countries and particularly the continent of Africa, where millions of inhabitants continued to suffer the effects of failed socio-economic policies that had been adopted in the hope of achieving a good level of industrial development through the provision of the necessary enabling environment. Africa still recorded very negative growth in its industrial output, its share of MVA stagnating at 0.8 per cent, and its share of total foreign direct investment of $235 billion standing at $3 billion only. His delegation was convinced that that situation would improve with the support of Africa's developmental partners and the continued assistance of UNIDO. It therefore noted with keen interest the information contained in paragraphs 22 to 27 of the Annual Report of UNIDO for 1995.

87. With regard to the IDDA programme, his delegation appreciated the increase in resources allocated but noted that not enough tangible results had been recorded. It wished to suggest that justification for future expenditure on the programme should be measured against progress achieved in the field. It would be appreciated if a list of projects approved and those under consideration as well as projects not approved could be made available to enable Member States to compare the figures with the results achieved, since the IDDA continued to be UNIDO's only visible programme which directly addressed the situation of Africa.

88. Nigeria had continued to implement policies which would facilitate private-sector investment and promote productivity and efficiency in the country's industrial enterprises and manufacturing processes, and to pursue an industrial policy which placed responsibility for creating an enabling environment on the Government. It had accordingly established a national investment promotion commission to provide the necessary conditions for the free flow of foreign investment. It had sought UNIDO's assistance in institution-building and support in the area of investment promotion strategy. In its efforts to further promote foreign direct investment, Nigeria had continued to enter into bilateral investment promotion and protection agreements with interested countries. As part of its efforts to achieve a strong industrial base, his Government had recently launched a programme entitled "Vision 2010", focusing on gross domestic product, literacy levels, employment prospects, inflation control, health service delivery, agriculture, industrialization and the development of science and technology.

89. Nigeria had continued to support industrial cooperation among African States and encouraged Africa's exploitation of its comparative advantage through concentration on agro-allied development. Its continued support for the Africa Regional Centre for Engineering Design and Equipment Manufacturing (ARCEDEM) included the provision of infrastructural facilities. It wished to call on all other African States to pay their contributions to the Centre in order to justify its establishment.

90. His Government welcomed the recent launching of the Alliance for Africa's Industrialization as a dynamic mechanism for the attainment of the goals of the IDDA, and called upon other Member States to give the Alliance the support it deserved. His delegation hoped that the Director-General would be able to mobilize the necessary resources to sustain the Alliance. In that connection, it wished to applaud UNIDO's collaboration with various international institutions and the recently created International Business Advisory Council.

91. His delegation had noted the information provided on the Industrial Development Fund and other voluntary contributions (IDB.16/3 and IDB.16/10/Add.1). The Fund continued to be a very important source of financing for UNIDO's technical cooperation activities, and his Government wished to further encourage Member States to increase their contributions to it. Nigeria was currently reviewing the possibility of its further participation.

92. UNIDO's field representation programme had assumed significant importance in the overall achievement of the Organization's objective of the rapid industrialization of the developing countries. In order to assist further in the attainment of that goal, the UCD programme needed to be strengthened. Following the posting of UCDs to Nigeria, UNIDO's activities in the country and the interest of the Nigerian private sector in UNIDO's technical assistance and advisory services had increased. His Government believed that the tempo could be sustained and was confident that the role of the UCD would be recognized and the support of UNIDO Headquarters reinforced. His delegation believed that the UCD programme should be adequately funded, and it accordingly welcomed the proposed framework for 1997-1998, as contained in document IDB.16/16. His Government had continued to share the cost of maintaining the UCD at Lagos.

93. His delegation commended UNIDO's efforts in expanding industrial investment promotion services as one of the most effective ways of furthering the industrial development of developing countries. However, it believed that greater attention should now be given in that connection to sub-Saharan Africa, as a major recipient of the Organization's services, and wished to reiterate its call for investment appraisal and promotion activities to be expanded through the development of investment projects and databases in order to enable developing countries to have access to international pre-investment studies and thereby improve their industrial capabilities. UNIDO's collaboration with his country in the area of investment promotion included the participation of a member of the Nigerian Ministry of Industry in the activities of the IPS office in Paris and assistance in the publication of an investment promotion guide as part of a compendium of such guides for other African countries.

94. His delegation welcomed UNIDO's activities in support of the System-Wide Action Plan on Drug Abuse Control and would continue to encourage the Organization's coordination with other agencies of the United Nations system, in particular UNDCP. His Government also wished to request UNIDO's continuing assistance in strengthening and adapting internal industrial capacity with a view to reducing drug abuse in the developing countries.

95. Nigeria wished to further encourage UNIDO's role in promoting industrial development in the LDCs. It supported the Organization's initiatives for improving the status of women and their industrial competitiveness and sought its further support in that connection, including assistance in the assessment of the training needs of women entrepreneurs, quality improvements and capacity-building in the food-processing industries and packaging of perishable goods.

96. His delegation had repeatedly stressed the importance of the equitable geographical distribution of posts in the Secretariat, without sacrificing the principles of merit and efficiency. However, Africa, and particularly Nigeria, continued to be underrepresented in the various staff categories within the Organization. He trusted that the situation would be rectified as soon as possible. The principle of equity should be allowed to prevail.

97. The Director-General's recent visit to Nigeria had further demonstrated the cooperation between UNIDO and his country. His Government had initiated action on the proposed areas of cooperation discussed during the visit and trusted that UNIDO would facilitate the mechanisms for the implementation of all the agreements reached.

98. **Mr. JEDDA** (Tunisia) said that the current session of the Board was being held during a crucial phase in the life of the Organization, which had just celebrated its thirtieth anniversary; however, it could also prove to be a historic phase if the reforms undertaken were completed as soon as possible, in the interests of stability.

99. Before commenting on specific agenda items, he wished to emphasize that, in view of its limited financial resources, UNIDO should make a continuous, sustained and multidimensional effort to mobilize funds. In that context, UNIDO should concentrate its activities solely on the thematic priorities established and exclude all other activities. His delegation proposed the

establishment of a think tank and/or informal consultation group to examine the possibility of reducing the number of priorities, to promote efficiency and avoid duplication with other international organizations.

100. Secondly, the Secretariat should carefully manage its financial resources in order to meet the needs of the developing countries and the LDCs.

101. Turning to agenda item 3, he noted that the Annual Report for 1995 showed considerable improvements as compared with previous reports. Statistics and data on projects and sources of financing, which had previously been presented in conference room papers, sometimes produced only on request, would henceforth be an integral part of the Annual Report, so as to promote the transparency of the Organization.

102. With regard to the implementation of the UNIDO reforms (agenda item 4), his delegation recognized that tangible results had already been achieved, for example in the definition of priorities and the improvement of the quality of activities. UNIDO seemed to be on the right track. His delegation had noted with satisfaction the growing effort to improve quality in the implementation, follow-up and evaluation of projects and considered that an attempt should be made to produce quantifiable data concerning all the pertinent activities of UNIDO.

103. Referring to agenda item 5 (c) ("Report of the External Auditor, financial performance report and programme performance report for the biennium 1994-1995"), he said that his delegation welcomed the more analytic and explicit style of the External Auditor's report, which threw new light on the activities of the Organization, its internal management and its finances.

104. His delegation had also noted the recommendations addressed to the Secretariat in that report, aimed at improving transparency and the fulfilment of responsibilities towards the Member States. Such recommendations covered the guidelines concerning the preparation of country programmes, which should be implemented as soon as possible, standards for the implementation of projects, and the duties of project managers.

105. Concerning the Second Industrial Development Decade for Africa, his delegation welcomed the launching of the Alliance for Africa's Industrialization as a dynamic mechanism that would give new impetus to the implementation of the IDDA programme. He also welcomed the intention to devote additional efforts in the coming months to mobilizing the necessary resources for the Alliance among partner countries.

106. With regard to item 9 of "Industrial investment promotion", his delegation had noted the Director-General's report and welcomed the manner in which UNIDO's investment promotion programme had been reoriented so as to better serve the interests of both developed and developing countries. It was only by permanently improving the quality of such services that UNIDO would retain its usefulness and meet the various needs of the Member States.

107. His delegation wished to benefit from the services of IPS offices and had already submitted a request to UNIDO for the establishment of a UNIDO investment promotion office in Tunisia. However, the proposed budget for the office was still high. His delegation remained favourably disposed to hosting the IPS office in the Foreign Investment Promotion Agency in Tunis, which would take responsibility only for the operating costs of the office, including the remuneration of a senior manager and the necessary local staff. It was understood that the office should come under UNIDO and be an integral part of the IPS network. His delegation hoped that the project would take concrete shape in the near future and contribute to mobilizing the necessary investment for the economic development of his country and raise the level of investment in the African continent.

108. **Mr. CELSO de OURO-PRETO** (Brazil) expressed his support for the statement made at the previous meeting by the Argentinian delegation on behalf of the Latin American and Caribbean Group.

109. Brazil approved of the reform introduced; the Organization might have to manage with a smaller staff but must also be imaginative enough to change working systems.

110. Industrialization in developing countries had become more complex in a world economy that was more and more globally oriented. On the other hand, industry was still one of the basic elements in the struggle of developing countries for a better future.

111. UNIDO had to face different kinds of problems in different developing countries. Some of those countries, including Brazil, already had a fairly large industrial structure. In such countries, UNIDO's action would have to be specially imaginative; it should maintain a dialogue with societies that had already elaborated industrialization strategies but still faced the problems of the need for modern technology, including clean technology, and had to seek investments and adapt small enterprises to a modern economy.

112. The participation of Latin America in UNIDO's programmes and projects must not decrease. Latin

America was a very important part of the developing world, making major contributions to the Organization. Latin America was engaged in a strong industrialization effort and was raising its degree of industrial integration.

113. **Mr. BENATTALLAH** (Algeria) said that, before taking up the items on the agenda, he wished to comment on the news reported in the press on the previous day that an important Member State of UNIDO, a Member of the European Union, planned to withdraw from the Organization. That extremely important question would doubtless deserve to be evaluated by the Board before it completed the work of its current session. In view of the implications of such a withdrawal, his delegation asked the Secretariat to present its preliminary comments on the implications of such a withdrawal in terms of financial resources and technical cooperation.

114. His delegation was satisfied with the new presentation of the Annual Report (IDB.16/10 and Corr.1), which was clear and facilitated analysis. He also noted an optimistic tone which reflected a renewal of confidence after the difficulties of the recent past. However, it was necessary not to give way to a feeling of self-satisfaction. Efforts were still needed to mobilize resources and ensure efficient implementation of technical cooperation, especially in Africa. He believed that it would still be possible to rationalize operating costs in the framework of present priorities.

115. Regarding the regional dimension, action taken to review field representation was on the right track; the redeployment of Headquarters posts to the field should be encouraged, particularly in Africa.

116. He noted the amount devoted to technical cooperation projects for Africa in 1995 but there was no indication whether the figure represented progress or a decline. He asked for clarifications on that point.

117. Concerning the industrial sector programme review missions to African countries, the report mentioned the aims of the missions but did not state what the outcome of the missions had been or describe the follow-up and the expected results. He asked for information on those points.

118. With regard to IDDA resources, he noted that only $2.7 million out of the $10.5 million for the 1994-1995 biennium had been committed in 1994; it was not made clear whether the remaining $7.8 million for 1995 had been committed and what projects had been implemented. He also wondered whether it was desirable to finance the organization of certain meetings and related travel out of IDDA funds, to the detriment of technical cooperation. A global and thorough evaluation of the implementation of the programme concerned for the seventeenth session of the Board would be welcome.

119. With regard to chapter VII of the Annual Report on quality assurance and evaluation, he noted that UNIDO was satisfied with its performance and services. He was pleased to note that UNIDO's concepts and methods for the quality management of cooperation had been found to be at the forefront.

120. With regard to the implementation of reforms, his delegation supported the measures described that aimed to consolidate the reforms. It supported the attention paid to the private sector, technology-oriented activities, investment promotion programmes and the environment programme. Regarding consultations with Member States, the report mentioned close contacts with Member States regarding Managing Director posts for three specific divisions. His delegation had no knowledge of frequent and close contacts on that question with the members of the African Group and the Arab Group.

121. On the Alliance for Africa's Industrialization, he said that, although his delegation noted that it had not been formally approved by the Board, it welcomed the idea, which had been approved by a summit meeting of the Organization of African Unity (OAU). He also thanked the Ivorian Government for its great contribution to the promotion of industry in Africa. However, on studying the concept of the Alliance, his delegation had the feeling that it was an ambitious project that might overstretch the capacity and resources of UNIDO, both current and future. In the long run it might do disservice to UNIDO's image if the hopes raised in Africa were not realized owing to lack of resources.

122. His delegation also considered that relations between the Alliance and IDDA were artificial because their objectives were almost identical. It would perhaps have been better to invest the $500,000 involved in current and tangible projects. The challenge would be to find the necessary funds in a context of budgetary austerity and scarcity of resources. Nevertheless, he considered that everything should be done to honour commitments towards Africa.

123. Regarding field representation, his delegation approved, on the whole, the orientation presented in document IDB.16/19. However, it wished to see the establishment of close consultations with Member States on the implementation of the scheme. Algeria was making a contribution towards financing the local costs of the office in Algiers.

124. With regard to agenda item 14 ("Approval of appointments of Managing Directors"), that question raised two issues. Arab and African underrepresentation

at the top level of responsibility had become accentuated in the course of the reforms. Secondly, the Constitution gave the Board the right to be consulted on certain appointments. The reform had created a legal void and the Secretariat's response did not take into account the constitutional problem. Member States might consider the establishment of a formal mechanism for consultation between the Director-General and the Board on the question of the appointment of Managing Directors. He would be grateful for the opinion of the Legal Adviser on that point.

125. **Mr. DE MARIA Y CAMPOS** (Director-General) thanked all delegations for their statements. He said that he had been glad to hear support for the UNIDO reforms from all regions and practically all countries. UNIDO was proud of what it had been doing; though there was always room for improvement, it would continue to make every effort to increase its efficiency in complying with the Board's mandate.

126. He had been happy to hear that practically all delegations recognized the importance of the International Business Advisory Council, which should play a very important role in linking UNIDO with the private sector. He hoped it would help promote the idea of establishing councils at national level, a process that had already begun. It had so far not been possible to obtain representation from all countries in the world but he hoped that the seven entrepreneurs appointed by IBAC to act as a kind of focal point and steering committee would help UNIDO to propose ways of ensuring continuous participation, good geographical representation and appropriate links with national councils.

127. He welcomed the overall recognition of the progress that had been made with regard to personnel policies, including recruitment, performance appraisal and career development. Improvements were possible and the task was indeed a never-ending one. A group had been established with the Staff Council and good progress was being made. He hoped to complete the terms of reference for new posts so that functions would be clearly stated and staff would know against what objectives they were being assessed. He expected to make progress on that front and to be in contact with Member States.

128. A question had been raised concerning consultations on the appointment of Managing Directors. He believed he had complied with his mandate in that matter. The question would be discussed later under agenda item 14. Nevertheless, he had been somewhat surprised to hear the representative of Algeria question whether there had been consultations with African countries. Consultations always took place not only in Vienna but also in Bonn, Geneva and other places, particularly during his numerous missions to Africa. One problem in Vienna was the very low level of representation of African States in the Austrian capital. He had reserved the post of Managing Director of the Country Programmes and Funds Mobilization Division for an African candidate, and had invited suggestions for suitable candidates at a meeting of African Ministers of Industry in Abidjan. The African Group would be consulted when the closing date for submission of applications had passed and appropriate candidates were available.

129. Numerous meetings had been held with the Arab Group and would continue to take place, particularly with regard to the post of Director of the Arab Countries Bureau.

130. He had noted the remarks of a number of countries on UNIDO's programmes and priorities. Since before the Yaoundé General Conference session, special groups had been established to look at the question of priorities. More meetings had perhaps been held on that matter than on any other topic. It should be remembered how difficult had been the long process of setting priorities taking into account the varying needs of Member States. Seven fundamental priorities had finally been identified, taking into account areas where UNIDO had a competitive advantage. Time had to be allowed for priorities to show results. At the time the priorities had been defined, he had invited Member States to help provide the necessary in-house technical capabilities and resources to pursue the priorities. Unfortunately, support had not always been forthcoming. Moreover, while he had no objection to the establishment of consultative groups, acceptance of proposals such as that put forward by the delegation of Tunisia would mean that UNIDO would have to start to look again at the priorities that had been established the previous year, delaying matters further.

131. He agreed that it was necessary to complement the reform process with appropriate mechanisms for the coordination and management of the technical cooperation process. Such mechanisms had been established and were already working, and he hoped to present results shortly. UNIDO had established a permanent mechanism for information to Member States regarding UNIDO projects and he hoped that those mechanisms would soon be operating to full satisfaction. However, as had been said, inertia meant that some problems could not be solved overnight. They required a change of culture, which was being encouraged; he was confident of success.

132. He welcomed the support expressed for the Alliance for Africa's Industrialization. If the Alliance

was to enhance the objectives of the IDDA, it was necessary to review what had been done in the Decade so far. UNIDO was just starting the mid-term review of the IDDA. It was a fundamental necessity to try to establish a good platform for future work. IDDA resources should permit an updating and enhancement of IDDA activities to ensure that the ownership of the initiative by African countries was fully consolidated.

133. With regard to South-South cooperation, UNIDO was preparing a new programme which should be ready for take-off in January. The Group of Fifteen meeting in Harare had specially mentioned UNIDO as an organization that had provided an input to its meeting which had been very welcome. Industrialization could be a field for reawakened interest in South-South cooperation, and even "North-South-South" cooperation, of which there were already encouraging examples.

134. In reply to another question raised, he said that UNIDO was doing its best to improve coordination and cooperation with other organizations. The agreement recently signed with UNDP should help in that process. As the specialized agencies saw it, UNDP might not be satisfactorily fulfilling its role of financing their operations. Member States could use their influence in that direction in the decision-making organs of UNDP.

135. He noted that a number of countries were interested in the possible establishment of an international centre for hydrogen energy technology, particularly the Russian Federation. The project still had to be analysed and negotiated before a successful conclusion could be reached.

136. On investment promotion, he would merely state at the present juncture that he was happy with the results achieved so far in that promising area, which required special efforts in cooperation with IPS offices and with the support of Member States.

137. Several representatives had commented on the question of human resources development. He agreed that great attention should be devoted to that question but regretted that UNIDO was not receiving as many pledges as it would like. The human resources development programme had been redesigned and he trusted that UNIDO would receive the confidence and support of Member States.

138. He noted the general approval of UNIDO's activities with regard to the environment. The Romanian suggestion for a network and coordination centre for cleaner production in countries surrounding the Mediterranean and the Black Sea had aroused great interest. UNIDO had been undertaking the necessary studies and basic consultations with regard to that idea, which exemplified the activities that UNIDO could undertake, given the support of Member States. UNIDO, for its part, was mobilizing all efforts in coordination with other international organizations and financial institutions.

139. The External Auditor, in his report, had pointed out possibilities for improvement. Action had already been undertaken in consequence, including work on the elaboration of manuals. He hoped that the new mechanisms just established for the follow-up of the technical cooperation process would yield valuable results.

140. The representative of Algeria had referred to the possibility of the withdrawal of Germany from UNIDO. He himself had little information on that point and could not yet make a formal comment. He would merely say that, even if it were merely a desire expressed by the competent Minister, it gave grounds for concern. The Group of 77 had stressed the need to support UNIDO now that the reform had taken place. It was essential to have the support of all countries, particularly the developed countries. He hoped that the suggested withdrawal would not take place. Germany had given UNIDO very important support in the past and he hoped that such support would continue.

The meeting rose at 1.20 p.m.